



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 22, 2005

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **REVIEW OF KING/DREW MEDICAL CENTER RADIOLOGY
CONTRACT MONITORING (Board Agenda Item 14, October 18, 2005)**

At the October 18, 2005 meeting, your Board instructed the Auditor-Controller to review the Martin Luther King, Jr./Drew Medical Center (KDMC) contract for radiology and services with Fortino Castaneda, M.D., Inc. (Castaneda). The purpose of our review was to determine whether the County was receiving the required services and being billed appropriately. Our review indicates that Castaneda appears to be providing the required services, and, with some very minor exceptions, billing the County in compliance with the contract.

The contract with Castaneda is different from prior radiology contracts because Castaneda is paid for each radiology film they review. Most prior KDMC radiology contracts paid the radiologists on an hourly basis. To date, Castaneda has submitted only one invoice to the County for reviewing 1,901 radiology films, totaling \$42,040.

DHS has developed appropriate procedures to monitor Castaneda's compliance with the contract. The procedures include verifying that Castaneda is only billing for films that they have reviewed. KDMC staff reviewed the invoice submitted by Castaneda and identified the same billing errors as noted in our review.

We compared the radiology films billed by Castaneda to the information recorded on KDMC's Affinity computer system to verify that Castaneda was only billing for films that had been reviewed. We noted that Castaneda had properly billed the County for all but three film reviews, valued at \$15 each. We were unable to verify that Castaneda had reviewed these three films. We also noted a separate \$45 overbilling on the invoice that was due to a computational error.

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We discussed the results of our review with KDMC and Navigant Consulting management. They indicated that Castaneda was providing the required services in compliance with the contract. We also discussed the results of our review with Castaneda, who indicated that the exceptions noted in our review were billed to the County in error. Castaneda has submitted a revised invoice which corrected the billing errors.

Please call me if you have any questions, or your staff may contact Jim Schneiderman at (626) 293-1101.

JTM:MMO:JLS

c: David E. Janssen, Chief Administrative Officer
Thomas L. Garthwaite, M.D., Director, DHS
Antionette Smith Epps, Chief Executive Officer, KDMC
Violet Varona-Lukens, Executive Officer
Audit Committee
Public Information Office